

II. REMARKS

The Examiner is requested to reconsider the application in view of the foregoing amendment and the following remarks, in connection with the request for continued examination filed herewith. Generally, it is believed that the amendment adds no new matter and places the application in better condition for allowance or appeal.

Claims 1-29, 32-46, and 50-57 have been made subject to an objection but would be allowable if agreed upon claim amendments were made. In response, the objection is respectfully traversed as improper as grounds for the objection have not been set out properly. However, Applicant is submitting the amendment above to further prosecution.

Claims 30-31, 47-49, and 58 have been rejected pursuant to 35 USC Sec. 103 for reasons set forth in the Office Action. In response, the rejection is respectfully traversed. The Office Action is improper for failing to make out a prima facie case of obviousness because the applied references fail to disclose at least one expressly claimed element as follows.

Claim 30:

...associating the card activity reward... with a mortgage interest tax deduction computed for the year... and...generating...output including the crediting of the reward... so as to produce a mortgage interest tax deduction....

Claim 31

...associating... the card activity reward... with a mortgage so as to produce a mortgage interest tax deduction;

Claims 47-48:

...crediting the reward to a monthly payment of the mortgage, said mortgage payment including interest...

Claim 49

... associating the card activity reward... with a mortgage interest tax deduction

computed for the year...and

generating...output including the crediting of the reward... to a
monthly mortgage payment, with a mortgage interest tax deduction computed for
the year.

Claim 58 (dependent on claims 33, 47)

These have not been shown in the applied references, and further the Office Action has no proper reason to combine or modify to reach Applicant's claims.

At page 5 of the Office Action, the Examiner concedes that "Wilcox fails to teach that some of the reward is applied to the interest of the mortgage". The Examiner then contends, with respect to Wells Fargo, that "Unused rebates can be applied to buy down the mortgage's interest.... " However, of coarse, this would not qualify for, or provide any teaching of, a mortgage interest tax deduction as per each of Applicant's rejected claims as a whole. Finally, the Examiner relies on Forward and reasons in the Office Action at page 5:

"The reward includes providing several months mortgage payment... Since a mortgage includes principal and interest, the provided several months mortgage payment would be applied to both principal and interest."

This contention is respectfully traversed. A reward in an amount of several months mortgage payment does not indicate whether the payment would qualify for a mortgage interest tax deduction, e.g., an advance payment on principle would have no interest payment and would have no mortgage interest tax deduction. Even if it did qualify, which Applicant respectfully contests, that does not mean the claimed operations are obvious based on Forward. This particularly follows at least because Forward teaches payments made to a buyer. Thus, the a mortgage payment by the buyer would just be a vanilla mortgage payment, i.e., the Examiner has not shown why, for buyer mortgage payments, there would be a system doing the crediting, associating, etc. as set out in Applicant's claims.

By way of an overview, with respect to the rejected claims, the Examiner has the burden

to establish that Forward teaches a payment that qualifies for a mortgage interest tax deduction and second if the Examiner can overcome this first hurdle, the Examiner has the burden to establish that the claimed operations are obvious.

More particularly, as to the first hurdle, Forward does not state that its payments qualify for a mortgage interest tax deduction. Thus the rejection depends upon the Examiner's interpretation of Forward's payments as qualifying for a mortgage interest tax deduction. And since there is nothing explicit in Forward as to any of above-isolated claim operations, these seem to be interpolated based on the Examiner's interpretation of the tax law applied to Forward.

At page 4 of the Office Action, the Examiner contends that "because they are mortgage payments, they qualify by law as mortgage tax deduction." This contention is respectfully traversed as clear error. Applicant submits that, for example, advance payments on mortgage principle are mortgage payments that do not qualify for an interest tax deduction, at least because there is no interest on such payments to deduct. Note the timing of Forward's payments at the outset of the mortgage. If the above-quoted contention is to be any basis for a rejection, Applicant requires evidence, such as the Examiner's Declaration or Affidavit, to support the contention. Absent the Examiner's evidence, the rejection is improper.

Other Examiner contentions regarding the tax deduction are detailed below, but even if the Examiner were correct that merely "because they are mortgage payments, they qualify by law as mortgage tax deduction", the Examiner still has not shown that the claimed operations are obvious based on Forward as it also says nothing about the above-isolated excerpts from the claims.

Turn more particularly to the Examiner's first hurdle. In the Office Action at page 3, the Examiner contends "Forward's manner of executing an incentive for paying several months of mortgage payment would qualify for a mortgage interest rate deduction."

In response, the contention is respectfully traversed. The Examiner has merely contended, and has not shown, that "Forward's manner of executing an incentive for paying several months of mortgage payment would qualify for a mortgage interest rate deduction." Devoid of a prima facie showing that the Forward payments would qualify for a mortgage interest rate tax deduction, a case of prima facie obviousness has not been made out, and the rejection is improper.

Though establishing that the Forward payments qualify for a mortgage interest rate tax deduction is the Examiner's burden, and official notice can be taken of tax law, and Applicant respectfully draws the Examiner's attention to IRS Publication 936. According to IRS Publication 936, in order to be entitled to a mortgage interest tax deduction, all of the following conditions must be met:

- You file Form 1040 and itemize deductions on Schedule A (Form 1040).
- You are legally liable for the loan.
- There is a true debtor-creditor relationship between you and the lender.
- The mortgage is a secured debt on a qualified home in which you have an ownership interest. "Secured debt" and "qualified home" are explained later.

The Examiner has not set out a prima facie showing that Forward's payments meet all of the criteria set out in IRS Publication 936, and the contentions at page 3 of the Office Action are inapposite to tax requirements, e.g., a "qualified home." Absent this showing, the rejection is improper as there is no showing with respect to the claim element of a mortgage interest rate

tax deduction based on the facts of Forward, and no explicit statement in Forward as to a mortgage interest rate tax deduction. Further, pursuant to Rule 104 and 35 U.S.C. Sec. 132, this information is required, and its absence renders the rejections improper.

At page 3, the Examiner notes Forward as “paying ‘ several months mortgage payment’”. But “several months of mortgage payment” is indicates the size of an amount, and the size of the amount has nothing to do with whether a mortgage tax deduction exists, and more so, no basis for contending that the claim elements have been shown in the cited art.

In addition to the complete lack of tax law applied to Forward, consider then that Applicant’s above-isolated claim elements cannot be interpolated into Forward. This follows because Forward makes its payments to a buyer, and thus there would be no Forward operations that would do the above-isolated elements, or at least the Examiner has not shown otherwise. That is, Forward teaches a system which sends the payment (singular) to the buyer. See the Abstract lines 6-12 “the system... the user may then take the certification of purchase back to the central repository to redeem the incentive.” See also Fig. 1: Seller 24 provides the certification 32 to the buyer 10, who sends the Incentive Request 34 to the Item Locator System 12, which sends the incentive execution 36 back to the buyer 10.

If the Forward system is providing the buyer with the “several months of mortgage payment” (i.e., money in a single payment) which the buyer subsequently uses to pay the mortgage, the buyer’s mortgage payments would be vanilla mortgage payments. In this case, the Examiner has not provided any information as to why Forward’s computing operations would have any crediting of the reward... so as to produce a mortgage interest tax deduction computed for the year; why there would be an associating the card activity reward, determined by calculating a function responsive to card activity, with a mortgage interest tax deduction computed for the year; and why there would be output including the crediting of the reward.

determined by calculating a function responsive to card activity, to a monthly mortgage payment, so as to produce a mortgage interest tax deduction computed for the year.

Attention is respectfully drawn to the following language from Forward indicating that the buyer is receiving the payment corresponding to the "several months of mortgage payment" from the Locator System.

Claim 1 of Forward

"...thus entitling that buyer to the incentive, wherein the certification is issued to the buyer by the seller upon purchase of the promoted item and thereby confirming that the seller reports the sale to the networked system operator; determining the amount and type of the incentive due to the buyer; presenting the incentive to the buyer directly from the host site...."

Claim 8 of Forward

"...receiving the incentive directly from the host site after the host site receives compensation from the seller...."

Claim 16 of Forward

"...presenting an entitlement to an incentive to a buyer upon receiving confirmation that the buyer purchased the promoted item from the desisted seller."

Col. 2, Lines 13-17 of Forward

"Another object of the present invention is... That incentive, or reward, is provided by the operator of the central system only after the purchase is made, and only after the purchaser has notified the operator of the central system that he has made the purchase."

Col. 2, Lines 36-38 of Forward

"The user may then advise the system operator of his purchase and the operator of the central system then provides the purchaser with the valuable reward promised."

Col. 2, Lines 55-57 of Forward

"If a purchase is completed between the buyer and the seller, then the buyer returns to the web-site to collect the promised reward."

Col. 2, Lines 62-67 of Forward

"The operator of the central system web-site provides the promised reward to the purchaser or issues a certification that entitles the buyer to the incentive through another entity, as a method of checking that the seller has paid the agreed fee to the operator of the central system."

Col. 6, Lines 43-50 of Forward

“The incentive execution may comprise an electronic certificate, identification number, check, coupon, or any other device that the buyer may use to execute the incentive indirectly with a third party. Alternatively, in step 218, the item locator system 12 may actually deliver the incentive directly. For example, if the incentive is cash, then the item locator system 12 may transmit electronic payment of the cash directly to the buyer.”

The foregoing portions of Forward are in addition to Forward’s Abstract and Fig. 1.

Given that the Forward system is providing the buyer with the “several months of mortgage payment” (i.e., money in a single payment) which the buyer subsequently uses to pay the mortgage, the buyer’s mortgage payments would be vanilla mortgage payments. In this case, the Examiner has not provided any information as to why Forward’s computing operations would have any crediting of the reward... so as to produce a mortgage interest tax deduction computed for the year; why there would be an associating the card activity reward, determined by calculating a function responsive to card activity, with a mortgage interest tax deduction computed for the year; and why there would be output including the crediting of the reward, determined by calculating a function responsive to card activity, to a monthly mortgage payment, so as to produce a mortgage interest tax deduction computed for the year. Pursuant to Rule 104 and 35 U.S.C. Sec. 132, this information is required, and absent this information, in addition to the tax information, the rejections are improper.

A further gap in evidence, and information, for a prima facie case, is that the Office Action doesn’t provide any information as to how the Forward system would even know that whatever is paid would qualify for a mortgage interest tax deduction for the particular buyer. For example, the Office Action has provided no information as to how the Forward’s system would know whether the mortgage is for investment property, such that a business deduction, not a mortgage interest rate deduction, would be appropriate. Forward does not speak to this.

Even assuming that the Office Action has provided the required information, made out a prima facie tax case, and provided the information as to a raison d'etre for the above-isolated claim elements, a proper reason to combine or modify to reach Applicant's claims has not been shown. The Office Action contends that the reason is because "it provides an incentive for mortgage customers to enter into a transaction or sign-up for credit cards." This is an absolutely improper reason to combine or modify because it is using Applicant's teaching of the invention to establish the reason to combine.

Should there subsequently be some alternate contention as to a reason to combine or modify that is not absolute hindsight, the reason must take the law into account, not only the IRS regulations, but also RESPA, Truth In Lending Disclosure per Regulation Z, and the Patriot Act and money laundering laws.

In sum, the rejections are improper for the reasons stated above, and the Examiner is requested to reconsider the application and to contact the undersigned prior to the next official communication. The application, as amended, is believed to be in condition for allowance, and favorable action is requested.

III. CONCLUSION

The Commissioner is hereby authorized to charge any fees associated with the above-identified patent application or credit any overcharges to Deposit Account No. 50-0235, and if any extension of time is needed to reply to said office action, this shall be deemed a petition therefor.

If the prosecution of this case can be in any way advanced by a telephone discussion, the Examiner is requested to call the undersigned at (312) 240-0824.

Respectfully submitted,



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